



SOLOMON ISLANDS NATIONAL PARLIAMENT

BILLS AND LEGISLATION COMMITTEE

REPORT

ON

THE INCOME TAX (AMENDMENT) (NO. 2) BILL 2005

CONTENTS

1. TERMS OF REFERENCE
2. FUNCTIONS
3. MEMBERSHIP
4. PURPOSE OF THE BILL
5. OBSERVATIONS
6. RECOMMENDATIONS

The Members of the Bills and Legislation Committee are:

.....
Hon. Edward J. Huniehu, MP
Chairman

.....
Hon. Manasseh Sogavare, MP
Member

.....
Hon. Clement Kengava, MP
Member

.....
Hon. Dr. Steve S. Aumanu, MP
Member

.....
Hon. Meshach M. Maetoloa, MP
Member

1. **TERMS OF REFERENCE**

To examine and report to Parliament the Committee's observations and recommendations on:-

“The Income Tax (Amendment) (No. 2) Bill 2005”.

2. **FUNCTIONS**

In accordance with Section 62 of the Constitution as read with Section 71 of the Standing Orders, the Bills and Legislation Committee's functions in addition to the provisions in Standing Orders 50 and 55, shall be to:-

- (a) examine such matters as may be referred to it by Parliament or the Government;
- (b) review all draft legislation prepared for introduction into Parliament;
- (c) examine all subsidiary legislation made under any Act so as to ensure compliance with the Acts under which they are made;
- (d) monitor all motions adopted by Parliament which require legislative action;
- (e) review current or proposed legislative measures to the extent it deems necessary;
- (f) examine such other matters in relation to legislation that, in the opinion of the Committee require examination; and
- (g) make a written report to each Meeting of Parliament containing the observations and recommendations arising from the Committee's deliberations.

3. **MEMBERSHIP**

The Membership of the Bills & Legislation Committee comprises of five members and the following have availed themselves for deliberations on the Bill on Friday 11 November 2005.

Hon. Edward J. Huniehu	-	Chairman
Hon. Clement Kengava	-	“
Hon. Meshach M. Maetoloa	-	“
Hon. Manasseh Sogavare	-	“

Apology was received from Hon. Dr. Steve Aumanu.

In attendance to the Committee were the Legal Draftsman, Attorney General’s Department, and the Adviser of the Economic Reform Unit, Department of Finance & Treasury, to help explain and clarify questions that may emanate from members, and the Interim Project Manager of the Parliament Strengthening Project.

4. **PURPOSE OF THE INCOME TAX (AMENDMENT) (NO. 2) BILL 2005**

The objects and reasons as stated in the amending Bill are as follows:

The Income Tax (Amendment) Bill 2005 amends the Income Tax Act (Cap. 123) consequential to the enactment of the Foreign Investment Bill 2005 (which repeals and replaces the Investment Act (Cap. 142).

The Bill repeals and replaces Part III of the Income Tax Act. The new Part III does not contain references to the Investment Board established under the Investment Act or approvals granted by the Investment Board. It contains references to the Foreign Investment Act and the registration procedure under that Act.

There are no changes to the entitlement and nature of the Investment incentives available under the Income Tax Act. The Government will continue to offer the Investment incentive contained in the First and Second Schedule to the Income Tax Act when the Foreign Investment Bill comes into operation.

6. **OBSERVATIONS**

In its deliberations on “**The Income Tax (Amendment) (No. 2) Bill 2005**”, the Committee made the following observations:

The powers vested on the Commissioner of Income Tax to grant and withdraw exemptions are too discretionary. The Committee is of the view that whatever decision reached should be based on a fixed guideline or regulation.

The Committee noted that **“The Income Tax (Amendment) (No. 2) Bill 2005”** is consequential to the enactment of the Foreign Investment Bill 2005.

7. **RECOMMENDATIONS**

The Committee has considered the Bill and **RECOMMENDED** that **“The Income Tax (Amendment) (No. 2) Bill 2005”** be presented and debated on in Parliament.